

Message Text

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ACTION ARA-10

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C O N F I D E N T I A L NASSAU 1408

E.O. 11652: GDS

TAGS: PINT PFOR CFED BF

SUBJ: PLP PAPER ALLEGES IRS AGENT AMONG 60 MINUTES CREW

1. SEPT. 1 HERALD (PLP ORGAN) PUBLISHED FRONT PAGE ARTICLE ALLEGING THAT ONE MEMBER OF CBS NEWS 60 MINUTES CREW HERE LAST WEEK WAS UNDERCOVER IRS AGENT. TEXT OF STORY FOLLOWS:

QUOTE/THE HERALD HAS CONVINCING EVIDENCE THAT AN EMPLOYEE OF THE UNITED STATES INTERNAL REVENUE SERVICE (IRS) WAS IN NASSAU LAST WEEK POSING AS A MEMBER OF A VISITING NEWS TEAM THAT WAS COLLECTING INFORMATION ON THE CASTLE BANK AND TRUST COMPANY AS WELL AS ATTEMPTING TO GET DATA ON U.S. CITIZENS HOLDING LARGE BANK ACCOUNTS IN THE BAHAMAS.

A THREE-MAN NEWS TEAM FROM A U.S. TELEVISION NETWORK ARRIVED HERE LAST WEEK TO DO A STORY ON CASTLE BANK AND IRS PROBES INTO THIS COUNTRY'S BANKING FACILITIES.

THEY MADE THEIR PRESENCE KNOWN TO AT LEAST TWO GOVERNMENT AGENCIES AND ALSO HELD INTERVIEWS WITH MEMBERS OF THE BUSINESS AND FINANCIAL COMMUNITY.

BUT EARLY IN THEIR STAY THEY WERE JOINED BY AN IRS EMPLOYEE WHOSE EXACT RANK IS NOT KNOWN, BUT WHO IS BELIEVED TO BE A MEMBER OF THE INTELLIGENCE BRANCH OF THAT SERVICE.

THE TEAM'S NEWS GATHERING PROCEEDED ALONG ROUTINE LINES UNTIL THEY ARRIVED AT THE PREMISES OF THE CASTLE BANK IN NORFOLK HOUSE.

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THE OFFICES WERE CLOSED, BUT THEY SPENT HALF AND HOUR

PHOTOGRAPHING THE BUILDING FROM EVERY ANGLE AND TAKING CLOSE-UPS OF THE LOCKS AND SECURITY DEVICES OF THE BUILDING.

WHEN THEY WENT INTO THE INNER COURTYARD, WHICH IS ENTERED FROM FREDERICK STREET, THEY WERE APPROACHED BY MR. STANLEY WALTERS, MAINTENANCE MANAGER FOR NORFOLK HOUSE. MR. WALTERS INQUIRED AS TO THEIR BUSINESS AND THE NEWSMEN IDENTIFIED THEMSELVES.

ONE OF THE MEN BEGAN QUESTIONING MR. WALTERS ABOUT PERSONS HE HAD SEEN GOING IN AND OUT OF THE CASTLE BANK PREMISES. DID HE KNOW ANY OF THEM? DID THEY APPEAR TO BE FOREIGNERS? WHAT NATIONALITY? WERE ANY BAHAMIANS FREQUENT VISITORS? HOW MANY PEOPLE WORKED AT THE CASTLE BANK?

WHEN STAN WALTERS SHOWED HIS RELUCTANCE TO DISCLOSE ANY INFORMATION, ONE OF THE MEN PULLED OUT HIS WALLET AND OFFERED A BILL.

"I AM NOT FOR SALE", MR. WALTERS SAID. AFTER TAKING A FEW MORE PHOTOS THE NEWSMEN LEFT.

BY CHANCE, A HERALD REPORTER WAS ON THE SAME BAHAMASAIR FLIGHT LAST MONDAY MORNING THAT TOOK THE AMERICAN TEAM BACK TO MIAMI AND IT WAS DURING THIS TRIP THAT HE DISCOVERED THE IDENTITY OF THE IRS AGENT, WHO HAPPENED TO SIT NEXT TO HIM ON THE AIRPLANE.

THE MAN OPENED HIS ATTACHE CASE WHICH WAS FILLED WITH IRS AND JUSTICE DEPARTMENT LETTERS AND DOCUMENTS, TOGETHER WITH WHOLE FILES OF CORRESPONDENCE ADDRESSED TO "THE DIRECTOR, INTELLIGENCE DIVISION, IRS" AND MARKED STRICTLY CONFIDENTIAL.

IN ADDITION, THE AGENT HAD A THICK SHEAF OF MEMOS, MANY OF WHICH WERE SIGNED JOINTLY BY RICHARD JAFFE AND DAVID ELLISON, WHO FIGURED PROMINENTLY IN PREVIOUS IRS PROBES.

A NUMBER OF CASSETTE TAPES WERE ALSO IN THE ATTACHE CASE.

AND THERE WAS A SEALED FILE LABELLED SIMPLY: "F. EUGENE POE - BANK OF PERRINE."

THE IRS AGENT, WHO HAD BEEN CONVERSING JOVIALY WITH THE NEWSMEN, JOINED THEM IN A ROUND OF DRINKS. AND HE PAID FOR THEM. "YOU CAN AFFORD IT BETTER THAN WE CAN," ONE OF THE JOURNALISTS QUIPPED. "ALL OUR MONEY GOES TO YOU ANYWAY."

A LITTLE LATER, THE IRS MAN WAS ASKED: "DID YOU GET EVERYTHING YOU WANTED?"

"JUST ABOUT", HE ANSWERED.

SHORTLY BEFORE LANDING IN MIAMI, THE AGENT, WHO HAD DOWNED HIS CONFIDENTIAL

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SECOND GIN AND TONIC AT 10 A.M., SPOKE TO THE HERALD REPORTER, WHO HE TOOK TO BE A TOURIST.

"FIRST TIME IN NASSAU?" HE ASKED.

"SECOND," THE HERALD MAN SAID.

IN THE COURSE OF A SHORT EXCHANGE OF SEAT-COMPANION TALK, THE AMERICAN VOLUNTEERED THE INFORMATION THAT HE "WORKED FOR THE GOVERNMENT IN WASHINGTON."

AFTER LANDING, AND JUST BEFORE LEAVING THE AIRCRAFT, ONE OF

THE REPORTERS ASKED HIM:

"DID YOU GET IN TOUCH WITH THE EMBASSY?"

"NO," THE IRS MAN REPLIED. "WE PREFER TO HAVE AS LITTLE
CONTACT AS POSSIBLE THERE."/UNQUOTE

2. MEMBERS OF CBS TEAM HAD IN HIS POSSESSION CONFIDENTIAL
IRS DOCUMENTS AND SHOWED THEM, AMONG OTHERS, TO AMBASSADOR
AND POSSIBLY TO VARIOUS BAHAMIAN OFFICIALS. THOUGH HERALD'S
ALLEGATIONS STRIKE US AS INCREDIBLE, WE WOULD APPRECIATE
CONFIRMATION THAT IN FACT NO IRS AGENT WAS IN TOWN AT THE SAME
TIME AS THE CBS TEAM AND WHO COULD EITHER MISTAKENLY OR
INADVERTENTLY BE TAKEN FOR A MEMBER OF THAT TEAM.

3. UNLESS OTHERWISE DIRECTED, EMBASSY WILL EARLY NEXT WEEK SEND
PROTEST IN FORM OF DENIAL TO MINISTER EXTERNAL AFFAIRS. PLEASE
ADVISE.
TAYLOR

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